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Unintended effects of the regulation on goods transportation

Report Categories:

Grain and Feed

Agricultural Situation

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Report Highlights:

A recently approved Government Decision aiming to fight tax evasion and maintain the roads quality produced also unintended consequences. Farmers, transporters, traders, millers are all affected by its provisions. Agriculture Minister's attempts to temporarily suspend it, have not resulted in a clear resolution.

General Information:

In May 2011, Romanian Government approved Decision 432/2011 proposed by the Ministry of Transportation, concerning the supply and transportation of bulk commodities on public roads. Its provisions impact several types of business dealing with divisible goods, among which agricultural operations and timber stations. The decision failed to provide a timeframe to allow commercial operators to comply with its provisions before being implemented. The decision aims to improve the control of vehicles transportation, to fight tax evasion and to verify compliance with maximum loading capacity per truck. Besides these legitimate objectives, the decision produced also unintended consequences.

In order to comply with the regulation, farmers have to endow their operations with scales capable of issuing weight tickets to accompany the trucks up to the point of delivery. The content of the ticket includes identification data for the supplier/farmer, weighting date and time, scale location, total weight. Depending on the number and location of their plots, farmers have to install such scales in several locations in order to comply with the legislation in its current form. Apart from the fact that in many instances implementation may not be feasible due to technical constraints, this would put a financial burden on farmers since the investment in such scales is considerable.

Transporters are affected as well, since they are not allowed to transport the goods without weight tickets issued by farmers upon loading vehicles.

The unintended consequences fall on the recipients of bulk goods, respectively grains traders, warehouses/silos companies, millers. US grains and oilseeds traders are equally affected. They are responsible for checking the weight tickets and prohibit truck access to the discharge points without the tickets or trucks loaded beyond the maximum capacity. Moreover, they have to keep track of weight tickets issued for all trucks entering their operation and retain them for at least 5 years. Thus, the recipients of the goods have to only accept trucks accompanied by these weight tickets or assume the risks of penalties for not complying with the rules.

Since the regulation was enacted, there have been several rounds of discussion between Ministry of Agriculture and Ministry of Transportation teams, without reaching a clear agreement. Nevertheless, the support showed by the AgMinistry in seeking a quick solution in this matter translated into a delay in the enforcement of this decision for this year, although no legal framework has been approved so far. It is most likely several weeks will pass until an amendment to the decision would be approved and implemented.